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DE RUEHEG #0621/01 0910837
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FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC PRIORITY 8709
INFO RUEHXK/ARAB ISRAELI COLLECTIVE PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY
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RHMFIS/HQ USCENTCOM MACDILL AFB FL PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 CAIRO 000621

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NEA FOR DANIN
NSC FOR PASCUAL

E.O. 12958: DECL: 03/26/2018

TAGS: PINR ECON KDEM MARR PGOV PHUM PREL EG

SUBJECT: EGYPTIANS GLOOMY AND RESTIVE BECAUSE OF ECONOMIC SQUEEZE, GRIM NEWS

REF: A. CAIRO 609
¶B. CAIRO 563
¶C. CAIRO 150
¶D. CAIRO 530
¶E. CAIRO 587
¶F. CAIRO 486
¶G. CAIRO 78
¶H. CAIRO 495
¶I. CAIRO 611
¶J. CAIRO 560

Classified By: DCM Stuart Jones for reason 1.5 (d).

¶1. (C) SUMMARY: Rising food prices, long bread lines, working-class economic woes and a daily dose of bad news are contributing to a sense among Egyptians that their country is in trouble. Whether they blame their government, the United States or even at times themselves, Egyptians are unhappy heading into local elections on April 8. We sense more fatalism and inertia than revolutionary fervor, and the opposition "Day of Rage" planned for April 6 will likely be no more than another day of gloom. Even so, the continuing economic squeeze and political constraints are testing the patience of even the famously quiescent Egyptians. END SUMMARY.

Hard times

¶2. (SBU) The March 24 death of an Egyptian civilian apparently killed by warning shots from a US Navy vessel (ref A) is the latest in a string of bad news causing Egyptians to vent their frustration at the government and the Americans. Speaker of Parliament Fathi Sorour (incorrectly) claimed on a popular TV interview program March 25 that the victim was shot in the back, while online forums were full of angry comments blaming President Mubarak and his government for not standing up to the United States. (COMMENT: This criticism came before press accounts of the President's condolence call on President Mubarak.)

¶3. (U) Some commentators on the shooting used the opportunity to publicize the call for a general strike on April 6, just two days before nationwide local council elections. Organizers affiliated with opposition groups including Kefaya and the Muslim Brotherhood (MB) have called for a nationwide strike to demand higher wages, a fair judiciary, and better education, transportation, and health care, calling for "freedom and dignity." Some activists have picked up on the theme, declaring on the Internet that April 6 will be a "Day of Rage" or a "Public Intifada." One

Facebook group organizing around the theme has collected 20,000 members, including 5,000 who say they will turn out to protest. (The last such strike called for by Kefaya was widely disregarded.)

¶4. (U) The call for protests complements plans by textile workers in the Delta industrial city of Mahalla to strike on April 6 to demand a higher monthly minimum wage, and it follows on other demonstrations against rising prices and protests by doctors and professors for higher wages (refs B and C). Trade Minister Rachid Rachid has acknowledged publicly that the strong overall economic performance of recent years has caused growing income inequality, leaving behind not only poor Egyptians but many in the middle class as well. By some estimates, as much as 45 percent of the Egyptian population now survives on just \$2 a day, while the World Bank estimated that the rate of extreme poverty -- those unable to buy enough to eat even if they spend all their income on food -- increased from 2.9 percent to 3.8 percent from 2000 to 2005. More recently, inflation in February surged 12.1 percent compared to the same period last year, up from 10.5 percent in January. Food prices led the way, rising 16.8 percent, including a 39.8 percent surge in edible oil (ref D).

Bread and diesel

¶5. (U) Egyptian media has declared a "bread crisis" (ref E). Spikes in the price of wheat on the international market have contributed to increased prices for unsubsidized bread, pilfering of state-subsidized flour intended for subsidized bread, and severe shortages of subsidized "baladi" bread, a

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staple on tables across Egypt. Some Egyptians waiting in bread lines for hours have turned to violence, leading President Mubarak to order the military to assist in bread production and distribution to increase supply. Egyptians are also fretting about the potential for a fuel crisis following reports of shortages of the highly subsidized diesel fuel and low-grade gasoline (ref F), blaming corruption for this and other daily woes.

¶6. (U) Regional developments, such as the continuing instability in neighboring Gaza, have done little to improve the national mood, and popular culture is feeding off this funk. Large audiences turned out for two recent films with gritty depictions of modern Egypt, "Heya Fawda" (This is Chaos) and "Heena Mayseri" (Until Further Notice), while television audiences were riveted by a sentimental Ramadan serial depicting supposedly better days two generations ago under King Farouk (ref G).

To the barricades?

¶7. (SBU) Despite the widespread unease, we sense no immediate crisis in Egypt. Recent visits to rural villages in Aswan, in Upper Egypt, and Bani Suef, two hours south of Cairo, revealed widespread poverty but not tension or desperation. In Bani Suef, one of Egypt's poorest governorates, we found Egyptians unhappy about bread prices asking for relief from anyone in authority; still, they seemed more curious about visitors than restive about their problems. In Mahalla, Delta residents with the same grievances told us they were not interested in joining the textile strikers in the streets, seeing little to gain from political protest. On a visit to Fayyoum, across the Nile from Bani Suef, we saw anxious residents swarming the governor with complaints about high prices and poor services.

In Luxor, police arrested more than a dozen rioters from among 200 who damaged shops and light fixtures March 28 during a protest of demolition orders for four houses facing

Karnak Temple. In the Delta city of Qalyubia, according to December press accounts, riot police used tear gas to disperse 2,000 rioters who destroyed shops, torched cars, and ransacked the home of a legislator from the ruling National Democratic Party (NDP). They accused the official of having ties to a con artist who had bilked hundreds of villagers of their savings.

¶18. (SBU) Charitable organizations such as CARE Egypt and the Sawiris Foundation for Social Development, which focus on addressing long-term needs such as health and education, have told us in recent visits that they see an increasing demand for direct assistance such as hand-outs of food. Such assistance is generally provided by local mosques and churches, or by extended families, clans and tribes in more rural areas of Upper Egypt and Sinai. CARE's representative said that while the government exercises significant control over the development work of NGOs, it is less able to interfere in the direct assistance provided by tribal and religious groups such as the MB.

Electoral apathy

¶19. (SBU) If such assistance has contributed to popular support for the MB in recent years, Egyptians will not be able to express that at the polls on April 8. The GOE has arrested hundreds of MB campaign workers in the lead-up to the elections and hindered the group from registering nearly all its candidates. At last count, only 60 of the planned 10,000 MB candidates for the 50,000 local seats up for election (ref H) had successfully registered.

¶10. (SBU) These tactics, and general malaise, augur for a repeat of the dismal turnout in recent elections. Members of a community group in a poor neighborhood of Aswan told us they were concerned about the economy and a lack of jobs, but likewise were disillusioned with politics and did not plan to participate in the local elections because the last candidate they supported, a member of the ruling National Democratic Party, did not keep his promises. Likewise members of an NGO we visited in Minya told us they would not vote in the elections because the government had jailed all the potential opposition candidates, a reference to candidates supported by the Muslim Brotherhood (ref I).

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¶11. (SBU) Back in the capital, perfunctory campaign banners are starting to rise over Cairo streets, but neither the upcoming elections nor the general angst are keeping Caireens from their daily business. Although the government's security posture will rise by election day, for now a typical number of security forces congregate idly near main intersections, while the guards propped up outside the Ministry of Interior seem as bored as ever.

¶12. (C) COMMENT: Many Egyptians are despondent, frustrated and often angry at the turn of their lives and the direction of their country. For now, the GOE seems to have succeeded in stifling any significant organized opposition. As one blogger acknowledged, when the revolution comes, it will not be on the Internet -- Facebook is not a viable means for turning the Egyptian masses out into the street. While the "Day of Rage" may be just another day in Egypt and the local elections another exercise in indifference, the problems confronting Egyptians every day will continue until the GOE adopts new economic and social policies that extend economic and political opportunities to the poorer classes.

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